



SCHOLARSHARE

.....
CALIFORNIA'S 529 COLLEGE SAVINGS PLAN
.....

ScholarShare College Savings Plan
Direct-Sold Plan

Annual Report

June 30, 2012

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**ScholarShare College Savings Plan
Direct-Sold Plan
Index
June 30, 2012**

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Report of Independent Auditors

To the Trustee of the Golden State ScholarShare College Savings Trust:

In our opinion, the accompanying statements of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the thirty-five portfolios constituting the ScholarShare College Savings Plan (hereafter referred to as the "Plan") at June 30, 2012, and the results of their operations, the changes in each of their net assets and the financial highlights for the period November 7, 2011 (commencement of operations) through June 30, 2012, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of TIAA-CREF Tuition Financing, Inc (hereafter referred to as the "Plan Manager"). Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan Manager, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

September 28, 2012

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ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Assets and Liabilities
June 30, 2012

Active Age-Based Portfolio

	Ages 0-4	Ages 5-8	Ages 9-10	Ages 11-12	Ages 13-14	Age 15	Age 16
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Real Estate Securities Fund	\$ 8,062,806	10,263,373	3,612,012	2,931,721	2,499,139	942,215	777,489
Small-Cap Equity Fund	6,512,208	8,371,878	2,945,730	2,376,838	2,039,134	763,105	629,858
SUBTOTAL	14,575,014	18,635,251	6,557,742	5,308,559	4,538,273	1,705,320	1,407,347
Other Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	5,646,698	7,394,712	2,587,099	2,089,361	1,788,912	672,693	552,541
DFA Large Cap International Portfolio	23,152,522	30,195,287	10,581,606	8,539,783	7,316,602	2,751,238	2,258,978
PIMCO Income Institutional Fund	5,353,031	11,826,555	6,468,966	7,841,285	10,056,457	5,059,963	4,568,027
PIMCO Real Return Institutional Fund	5,157,294	11,456,895	6,269,178	7,579,569	9,733,385	4,898,568	4,410,803
PIMCO Total Return Institutional Fund	13,035,123	28,914,616	15,817,013	19,141,183	24,572,326	12,362,873	11,144,540
T. Rowe Price Inst. Floating Rate Fund	2,553,899	5,673,899	3,102,369	3,752,429	4,820,831	2,423,475	2,185,122
T. Rowe Price Inst. Large-Cap Growth Fund	29,348,911	37,761,287	13,237,353	10,741,568	9,165,751	3,453,052	2,845,591
T. Rowe Price Inst. Large-Cap Value Fund	29,968,747	38,471,752	13,514,264	10,948,714	9,356,423	3,522,336	2,903,014
SUBTOTAL	114,216,225	171,695,003	71,577,848	70,633,892	76,810,687	35,144,198	30,868,616
TIAA-CREF Life Insurance Company:							
Funding Agreements	—	—	—	—	—	3,921,411	7,697,311
TOTAL INVESTMENTS	128,791,239	190,330,254	78,135,590	75,942,451	81,348,960	40,770,929	39,973,274
Cash	2,034	610	1,951	2,105	—	1,445	750
Dividends and interest receivable	121,037	224,941	117,209	139,416	170,607	89,214	83,968
Receivable from securities transactions	—	—	—	—	—	28,682	—
Receivable from Direct Plan units sold	158,221	86,465	18,385	53,039	19,865	20,948	11,783
TOTAL ASSETS	129,072,531	190,642,270	78,273,135	76,137,011	81,539,432	40,911,218	40,069,775
LIABILITIES							
Accrued Direct Plan management fee	5,470	7,433	3,110	3,107	3,257	1,667	1,646
Accrued investment management fee	5,470	7,433	3,110	3,107	3,257	1,667	1,646
Payable for securities transactions	238,344	310,085	129,902	184,369	189,273	89,214	96,500
Payable for Direct Plan units redeemed	41,497	1,136	6,773	9,791	—	51,025	—
TOTAL LIABILITIES	290,781	326,087	142,895	200,374	195,787	143,573	99,792
NET ASSETS	\$ 128,781,750	190,316,183	78,130,240	75,936,637	81,343,645	40,767,645	39,969,983
UNITS OUTSTANDING	12,171,167	17,973,985	7,372,784	7,161,603	7,665,412	3,860,434	3,804,416
NET ASSET VALUE PER UNIT	\$ 10.58	10.59	10.60	10.60	10.61	10.56	10.51
INVESTMENTS AT COST	\$ 126,247,853	186,300,588	76,553,922	74,256,542	79,620,576	40,019,834	39,269,676

See notes to financial statements

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
629,619	985,644	30,704,018
514,599	815,801	24,969,151
<u>1,144,218</u>	<u>1,801,445</u>	<u>55,673,169</u>
450,908	716,943	21,899,867
1,843,150	2,927,180	89,566,346
3,798,286	6,219,894	61,192,464
3,670,720	6,034,193	59,210,605
9,276,443	15,231,850	149,495,967
1,820,557	2,992,027	29,324,608
2,311,278	3,634,404	112,499,195
2,361,136	3,714,726	114,761,112
<u>25,532,478</u>	<u>41,471,217</u>	<u>637,950,164</u>
<u>13,735,280</u>	<u>41,618,814</u>	<u>66,972,816</u>
40,411,976	84,891,476	760,596,149
45	602	9,542
73,233	128,745	1,148,370
54,342	-	83,024
5,493	50,353	424,552
<u>40,545,089</u>	<u>85,071,176</u>	<u>762,261,637</u>
1,602	3,192	30,484
1,602	3,192	30,484
73,232	147,877	1,458,796
59,830	31,198	201,250
<u>136,266</u>	<u>185,459</u>	<u>1,721,014</u>
<u>40,408,823</u>	<u>84,885,717</u>	<u>760,540,623</u>
<u>3,877,007</u>	<u>8,210,011</u>	
<u>10.42</u>	<u>10.34</u>	
<u>39,843,437</u>	<u>84,081,813</u>	<u>746,194,241</u>

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Assets and Liabilities
June 30, 2012

Passive Age-Based Portfolio

	Ages 0-4	Ages 5-8	Ages 9-10	Ages 11-12	Ages 13-14	Age 15	Age 16
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Inflation-Linked Bond Fund	\$ 4,602,038	23,659,343	28,259,721	36,587,246	39,499,027	19,082,064	16,233,102
Equity Index Fund	62,459,463	186,990,114	142,187,562	122,330,736	88,056,370	31,932,815	24,625,279
International Equity Index Fund	21,532,604	64,500,571	49,479,505	42,704,836	30,732,505	11,162,035	8,579,430
Real Estate Securities Fund	7,438,480	22,254,707	16,883,824	14,511,457	10,446,701	3,784,349	2,925,844
Bond Index Fund	16,066,916	82,643,472	98,740,034	127,856,441	138,028,448	66,701,787	56,703,608
High-Yield Fund	2,379,705	12,227,230	14,560,941	18,831,931	20,330,527	9,825,364	8,349,270
Emerging Markets Equity Index Fund	5,183,676	15,543,440	11,961,968	10,333,612	7,434,966	2,700,867	2,074,876
SUBTOTAL	119,662,882	407,818,877	362,073,555	373,156,259	334,528,544	145,189,281	119,491,409
TIAA-CREF Life Insurance Company:							
Funding Agreements	-	-	-	-	-	15,566,459	28,840,046
TOTAL INVESTMENTS	119,662,882	407,818,877	362,073,555	373,156,259	334,528,544	160,755,740	148,331,455
Cash	1,955	2,195	2,340	3,627	1,749	-	1,125
Dividends and interest receivable	133,957	626,517	703,290	878,764	930,033	454,589	403,673
Receivable from securities transactions	-	-	-	-	-	-	-
Receivable from Direct Plan units sold	181,842	97,338	62,762	102,749	36,840	53,042	72,592
TOTAL ASSETS	119,980,636	408,544,927	362,841,947	374,141,399	335,497,166	161,263,371	148,808,845
LIABILITIES							
Overdraft payable	-	-	-	-	-	14,924	-
Accrued Direct Plan management fee	5,091	17,057	14,631	14,896	13,415	6,366	6,104
Accrued investment management fee	5,091	17,057	14,631	14,896	13,415	6,366	6,104
Payable for securities transactions	296,130	641,557	757,897	945,576	961,700	491,677	473,381
Payable for Direct Plan units redeemed	28,522	79,707	5,658	37,200	5,280	164	2,798
TOTAL LIABILITIES	334,834	755,378	792,817	1,012,568	993,810	519,497	488,387
NET ASSETS	\$ 119,645,802	407,789,549	362,049,130	373,128,831	334,503,356	160,743,874	148,320,458
UNITS OUTSTANDING	11,263,327	38,531,697	34,335,491	35,520,225	31,963,079	15,455,394	14,321,359
NET ASSET VALUE PER UNIT	\$ 10.62	10.58	10.54	10.50	10.47	10.40	10.36
INVESTMENTS AT COST	\$ 113,470,488	386,976,561	345,196,323	357,812,570	322,219,650	155,914,975	144,477,334

See notes to financial statements

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
12,884,039	27,640,320	208,446,900
19,212,488	39,329,497	717,124,324
6,717,132	13,795,820	249,204,438
2,275,274	4,649,727	85,170,363
45,048,309	96,696,516	728,485,531
6,639,961	14,189,064	107,333,993
1,625,902	3,342,489	60,201,796
<u>94,403,105</u>	<u>199,643,433</u>	<u>2,155,967,345</u>
<u>49,073,674</u>	<u>193,469,230</u>	<u>286,949,409</u>
143,476,779	393,112,663	2,442,916,754
805	-	13,796
335,356	779,022	5,245,201
28,447	224,440	252,887
21,827	88,221	717,213
<u>143,863,214</u>	<u>394,204,346</u>	<u>2,449,145,851</u>
-	36,598	51,522
5,644	15,106	98,310
5,644	15,106	98,310
335,356	779,020	5,682,294
41,984	271,149	472,462
<u>388,628</u>	<u>1,116,979</u>	<u>6,402,898</u>
<u>143,474,586</u>	<u>393,087,367</u>	<u>2,442,742,953</u>
<u>13,930,949</u>	<u>38,378,463</u>	
<u>10.30</u>	<u>10.24</u>	
<u>140,449,038</u>	<u>387,473,183</u>	<u>2,353,990,122</u>

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Assets and Liabilities
June 30, 2012

	Active Diversified Equity Portfolio	Active Growth Portfolio	Active Moderate Growth Portfolio	Active Conservative Portfolio	Active International Equity Portfolio	Active Diversified Fixed Income Portfolio	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Real Estate Securities Fund	\$ 6,340,112	2,390,321	142,943	–	–	–	8,873,376
Small-Cap Equity Fund	5,172,592	1,943,880	118,438	–	–	–	7,234,910
SUBTOTAL	11,512,704	4,334,201	261,381	–	–	–	16,108,286
Other Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	4,511,785	1,705,032	107,452	–	1,173,677	–	7,497,946
DFA Large Cap International Portfolio	18,461,787	6,973,225	436,256	–	4,779,297	–	30,650,565
PIMCO Income Institutional Fund	–	2,735,101	578,605	2,762,567	–	2,082,950	8,159,223
PIMCO Real Return Institutional Fund	–	2,640,075	565,598	2,652,907	–	2,071,257	7,929,837
PIMCO Total Return Institutional Fund	–	6,672,903	1,420,171	6,721,581	–	5,162,969	19,977,624
T. Rowe Price Inst. Floating Rate Fund	–	1,309,005	279,072	1,319,160	–	1,011,895	3,919,132
T. Rowe Price Inst. Large-Cap Growth Fund	23,253,610	8,775,444	538,696	–	–	–	32,567,750
T. Rowe Price Inst. Large-Cap Value Fund	23,742,965	8,943,711	537,615	–	–	–	33,224,291
SUBTOTAL	69,970,147	39,754,496	4,463,465	13,456,215	5,952,974	10,329,071	143,926,368
TIAA-CREF Life Insurance Company:							
Funding Agreements	–	–	–	12,734,229	–	–	12,734,229
TOTAL INVESTMENTS	81,482,851	44,088,697	4,724,846	26,190,444	5,952,974	10,329,071	172,768,883
Cash	330	–	250	250	–	–	830
Dividends and interest receivable	23,123	53,024	9,219	54,566	–	33,648	173,580
Receivable from securities transactions	32,714	58,934	–	–	–	–	91,648
Receivable from Direct Plan units sold	11,086	9,713	8,183	64,060	39,130	1,067	133,239
TOTAL ASSETS	81,550,104	44,210,368	4,742,498	26,309,320	5,992,104	10,363,786	173,168,180
LIABILITIES							
Accrued Direct Plan management fee	3,210	1,765	175	1,065	232	417	6,864
Accrued investment management fee	3,210	1,765	175	1,065	232	417	6,864
Payable for securities transactions	23,123	53,024	17,550	114,939	30,049	34,714	273,399
Payable for Direct Plan units redeemed	43,810	68,367	–	2,342	9,079	–	123,598
TOTAL LIABILITIES	73,353	124,921	17,900	119,411	39,592	35,548	410,725
NET ASSETS	\$ 81,476,751	44,085,447	4,724,598	26,189,909	5,952,512	10,328,238	172,757,455
UNITS OUTSTANDING	7,712,383	4,164,200	440,565	2,530,715	585,933	970,422	
NET ASSET VALUE PER UNIT	\$ 10.56	10.59	10.72	10.35	10.16	10.64	
INVESTMENTS AT COST	\$ 79,037,716	42,953,191	4,607,988	25,896,671	6,424,115	10,150,277	169,069,958

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Assets and Liabilities
June 30, 2012

	Passive Diversified Equity Portfolio	Passive Growth Portfolio	Passive Moderate Growth Portfolio	Passive Conservative Portfolio	Passive Diversified Fixed Income Portfolio	Total
ASSETS						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Inflation-Linked Bond Fund	\$ —	2,299,118	507,331	3,079,441	635,222	6,521,112
Equity Index Fund	246,739,228	17,970,700	1,092,002	—	—	265,801,930
International Equity Index Fund	85,788,959	6,268,857	397,435	—	—	92,455,251
Real Estate Securities Fund	29,280,589	2,132,418	129,760	—	—	31,542,767
Bond Index Fund	—	8,033,478	1,765,557	10,762,111	2,211,130	22,772,276
High-Yield Fund	—	1,183,651	258,995	1,587,629	324,419	3,354,694
Emerging Markets Equity Index Fund	20,731,428	1,515,824	97,362	—	—	22,344,614
SUBTOTAL	382,540,204	39,404,046	4,248,442	15,429,181	3,170,771	444,792,644
TIAA-CREF Life Insurance Company:						
Funding Agreements	—	—	—	15,059,442	—	15,059,442
TOTAL INVESTMENTS	382,540,204	39,404,046	4,248,442	30,488,623	3,170,771	459,852,086
Cash	586	—	—	430	—	1,016
Dividends and interest receivable	106,690	59,162	11,840	81,954	14,314	273,960
Receivable from securities transactions	—	—	—	7,355	—	7,355
Receivable from Direct Plan units sold	356,478	306,208	2,265	2,504	5,511	672,966
TOTAL ASSETS	383,003,958	39,769,416	4,262,547	30,580,866	3,190,596	460,807,383
LIABILITIES						
Accrued Direct Plan management fee	15,104	1,545	168	1,247	129	18,193
Accrued investment management fee	15,104	1,545	168	1,247	129	18,193
Payable for securities transactions	337,794	357,471	14,075	81,954	19,825	811,119
Payable for Direct Plan units redeemed	123,698	7,899	—	10,219	5,427	147,243
TOTAL LIABILITIES	491,700	368,460	14,411	94,667	25,510	994,748
NET ASSETS	\$ 382,512,258	39,400,956	4,248,136	30,486,199	3,165,086	459,812,635
UNITS OUTSTANDING	35,740,462	3,722,748	406,811	2,993,887	305,824	
NET ASSET VALUE PER UNIT	\$ 10.70	10.58	10.44	10.18	10.35	
INVESTMENTS AT COST	\$ 357,642,309	37,491,333	4,155,893	30,201,836	3,135,721	432,627,092

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Assets and Liabilities
June 30, 2012

	Index International Equity Portfolio	Social Choice Portfolio	Index Bond Portfolio	Index U.S. Large Cap Equity Portfolio	Index U.S. Equity Portfolio	Principal Plus Interest Portfolio	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Equity Index Fund	\$ -	-	-	-	76,295,600	-	76,295,600
International Equity Index Fund	49,941,379	-	-	-	-	-	49,941,379
S&P 500 Index Fund	-	-	-	80,541,517	-	-	80,541,517
Bond Index Fund	-	-	38,517,783	-	-	-	38,517,783
Emerging Markets Equity Index Fund	12,064,831	-	-	-	-	-	12,064,831
Social Choice Equity Fund	-	69,074,433	-	-	-	-	69,074,433
SUBTOTAL	62,006,210	69,074,433	38,517,783	80,541,517	76,295,600	-	326,435,543
TIAA-CREF Life Insurance Company:							
Funding Agreements	-	-	-	-	-	254,811,168	254,811,168
TOTAL INVESTMENTS	62,006,210	69,074,433	38,517,783	80,541,517	76,295,600	254,811,168	581,246,711
Cash	30	170	40	-	-	-	240
Dividends and interest receivable	-	-	66,203	-	-	-	66,203
Receivable from securities transactions	-	-	7,070	33,435	-	-	40,505
Receivable from Direct Plan units sold	301,075	6,391	12,841	91,110	336,986	181,469	929,872
TOTAL ASSETS	62,307,315	69,080,994	38,603,937	80,666,062	76,632,586	254,992,637	582,283,531
LIABILITIES							
Accrued Direct Plan management fee	2,418	2,753	1,576	3,191	3,008	-	12,946
Accrued investment management fee	2,418	2,753	1,576	3,191	3,008	-	12,946
Payable for securities transactions	278,542	5,065	66,204	-	281,241	137,097	768,149
Payable for Direct Plan units redeemed	29,492	728	36,352	83,672	65,125	44,372	259,741
TOTAL LIABILITIES	312,870	11,299	105,708	90,054	352,382	181,469	1,053,782
NET ASSETS	\$ 61,994,445	69,069,695	38,498,229	80,576,008	76,280,204	254,811,168	581,229,749
UNITS OUTSTANDING	6,236,232	6,531,459	3,748,037	7,307,923	6,964,597	25,234,288	
NET ASSET VALUE PER UNIT	\$ 9.94	10.57	10.27	11.03	10.95	10.10	
INVESTMENTS AT COST	\$ 61,319,693	66,287,448	37,850,091	76,117,902	71,233,882	254,811,168	567,620,184

See notes to financial statements

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ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Operations
For the period ended June 30, 2012

Active Age-Based Portfolio

	Ages 0-4*	Ages 5-8*	Ages 9-10*	Ages 11-12*	Ages 13-14*	Age 15*	Age 16*
INVESTMENT INCOME							
Interest Income	\$ —	—	—	—	—	22,295	46,073
Dividends from underlying funds	2,270,115	3,080,420	1,435,469	1,615,429	1,813,686	868,997	818,205
TOTAL INCOME	<u>2,270,115</u>	<u>3,080,420</u>	<u>1,435,469</u>	<u>1,615,429</u>	<u>1,813,686</u>	<u>891,292</u>	<u>864,278</u>
EXPENSES							
Direct Plan management fee	41,362	51,273	21,365	21,945	22,573	11,416	11,781
Investment management fee	41,362	51,273	21,365	21,945	22,573	11,416	11,781
TOTAL EXPENSES	<u>82,724</u>	<u>102,546</u>	<u>42,730</u>	<u>43,890</u>	<u>45,146</u>	<u>22,832</u>	<u>23,562</u>
NET INVESTMENT INCOME (LOSS)	<u>2,187,391</u>	<u>2,977,874</u>	<u>1,392,739</u>	<u>1,571,539</u>	<u>1,768,540</u>	<u>868,460</u>	<u>840,716</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	1,081,455	62,699	(5,769)	117,293	17,998	35,904	51,012
Realized gain distributions from underlying mutual funds	289,264	360,110	171,029	190,893	216,802	101,480	98,195
Net realized gain (loss) on total investments	<u>1,370,719</u>	<u>422,809</u>	<u>165,260</u>	<u>308,186</u>	<u>234,800</u>	<u>137,384</u>	<u>149,207</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>2,543,387</u>	<u>4,029,666</u>	<u>1,581,668</u>	<u>1,685,909</u>	<u>1,728,383</u>	<u>751,096</u>	<u>703,599</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>3,914,106</u>	<u>4,452,475</u>	<u>1,746,928</u>	<u>1,994,095</u>	<u>1,963,183</u>	<u>888,480</u>	<u>852,806</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 6,101,497</u>	<u>7,430,349</u>	<u>3,139,667</u>	<u>3,565,634</u>	<u>3,731,723</u>	<u>1,756,940</u>	<u>1,693,522</u>

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

<u>Age 17*</u>	<u>Ages 18 & Over*</u>	<u>Total</u>
78,480	210,744	357,592
651,061	939,382	13,492,764
<u>729,541</u>	<u>1,150,126</u>	<u>13,850,356</u>
11,421	21,362	214,498
11,421	21,362	214,498
<u>22,842</u>	<u>42,724</u>	<u>428,996</u>
<u>706,699</u>	<u>1,107,402</u>	<u>13,421,360</u>
15,136	5,973	1,381,701
79,331	109,573	1,616,677
<u>94,467</u>	<u>115,546</u>	<u>2,998,378</u>
<u>568,539</u>	<u>809,662</u>	<u>14,401,909</u>
<u>663,006</u>	<u>925,208</u>	<u>17,400,287</u>
<u>1,369,705</u>	<u>2,032,610</u>	<u>30,821,647</u>

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
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For the period ended June 30, 2012

Passive Age-Based Portfolio

	Ages 0-4*	Ages 5-8*	Ages 9-10*	Ages 11-12*	Ages 13-14*	Age 15*	Age 16*
INVESTMENT INCOME							
Interest Income	\$ —	—	—	—	—	96,817	183,954
Dividends from underlying funds	2,242,696	7,605,313	6,061,699	6,047,586	5,470,459	2,357,865	1,980,070
TOTAL INCOME	<u>2,242,696</u>	<u>7,605,313</u>	<u>6,061,699</u>	<u>6,047,586</u>	<u>5,470,459</u>	<u>2,454,682</u>	<u>2,164,024</u>
EXPENSES							
Direct Plan management fee	42,055	141,971	115,829	115,569	103,877	49,396	46,805
Investment management fee	42,055	141,971	115,829	115,569	103,877	49,396	46,805
TOTAL EXPENSES	<u>84,110</u>	<u>283,942</u>	<u>231,658</u>	<u>231,138</u>	<u>207,754</u>	<u>98,792</u>	<u>93,610</u>
NET INVESTMENT INCOME (LOSS)	<u>2,158,586</u>	<u>7,321,371</u>	<u>5,830,041</u>	<u>5,816,448</u>	<u>5,262,705</u>	<u>2,355,890</u>	<u>2,070,414</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	(289,795)	(3,006,545)	(3,998,327)	(3,914,710)	(3,229,369)	(1,256,689)	(984,842)
Realized gain distributions from underlying mutual funds	6,292	31,517	32,411	39,714	42,952	20,538	17,665
Net realized gain (loss) on total investments	<u>(283,503)</u>	<u>(2,975,028)</u>	<u>(3,965,916)</u>	<u>(3,874,996)</u>	<u>(3,186,417)</u>	<u>(1,236,151)</u>	<u>(967,177)</u>
Net change in unrealized appreciation							
(depreciation) on investments in underlying fund shares	<u>6,192,394</u>	<u>20,842,316</u>	<u>16,877,232</u>	<u>15,343,689</u>	<u>12,308,893</u>	<u>4,840,765</u>	<u>3,854,121</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>5,908,891</u>	<u>17,867,288</u>	<u>12,911,316</u>	<u>11,468,693</u>	<u>9,122,476</u>	<u>3,604,614</u>	<u>2,886,944</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 8,067,477</u>	<u>25,188,659</u>	<u>18,741,357</u>	<u>17,285,141</u>	<u>14,385,181</u>	<u>5,960,504</u>	<u>4,957,358</u>

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

<u>Age 17*</u>	<u>Ages 18 & Over*</u>	<u>Total</u>
305,838	1,136,181	1,722,790
1,538,795	3,096,361	36,400,844
<u>1,844,633</u>	<u>4,232,542</u>	<u>38,123,634</u>
44,373	115,004	774,879
44,373	115,004	774,879
<u>88,746</u>	<u>230,008</u>	<u>1,549,758</u>
<u>1,755,887</u>	<u>4,002,534</u>	<u>36,573,876</u>
(746,245)	(1,453,624)	(18,880,146)
13,956	28,131	233,176
<u>(732,289)</u>	<u>(1,425,493)</u>	<u>(18,646,970)</u>
<u>3,027,741</u>	<u>5,639,480</u>	<u>88,926,631</u>
<u>2,295,452</u>	<u>4,213,987</u>	<u>70,279,661</u>
<u>4,051,339</u>	<u>8,216,521</u>	<u>106,853,537</u>

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Operations
For the period ended June 30, 2012

	Active Diversified Equity Portfolio*	Active Growth Portfolio*	Active Moderate Growth Portfolio*	Active Conservative Portfolio*	Active International Equity Portfolio*	Active Diversified Fixed Income Portfolio*	Total
INVESTMENT INCOME							
Interest Income	\$ —	—	—	82,174	—	—	82,174
Dividends from underlying funds	1,014,076	785,738	68,506	459,938	92,440	128,795	2,549,493
TOTAL INCOME	<u>1,014,076</u>	<u>785,738</u>	<u>68,506</u>	<u>542,112</u>	<u>92,440</u>	<u>128,795</u>	<u>2,631,667</u>
EXPENSES							
Direct Plan management fee	24,419	12,885	942	8,355	960	1,478	49,039
Investment management fee	24,419	12,885	942	8,355	960	1,478	49,039
TOTAL EXPENSES	<u>48,838</u>	<u>25,770</u>	<u>1,884</u>	<u>16,710</u>	<u>1,920</u>	<u>2,956</u>	<u>98,078</u>
NET INVESTMENT INCOME (LOSS)	<u>965,238</u>	<u>759,968</u>	<u>66,622</u>	<u>525,402</u>	<u>90,520</u>	<u>125,839</u>	<u>2,533,589</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	13,181	53,172	1,987	(8,102)	25,502	23,897	109,637
Realized gain distributions from underlying mutual funds	132,517	96,734	4,800	58,551	—	1,638	294,240
Net realized gain (loss) on total investments	<u>145,698</u>	<u>149,906</u>	<u>6,787</u>	<u>50,449</u>	<u>25,502</u>	<u>25,535</u>	<u>403,877</u>
Net change in unrealized appreciation							
(depreciation) on investments in underlying fund shares	<u>2,445,134</u>	<u>1,135,508</u>	<u>116,859</u>	<u>293,773</u>	<u>(471,140)</u>	<u>178,794</u>	<u>3,698,928</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>2,590,832</u>	<u>1,285,414</u>	<u>123,646</u>	<u>344,222</u>	<u>(445,638)</u>	<u>204,329</u>	<u>4,102,805</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 3,556,070</u>	<u>2,045,382</u>	<u>190,268</u>	<u>869,624</u>	<u>(355,118)</u>	<u>330,168</u>	<u>6,636,394</u>

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
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	Passive Diversified Equity Portfolio*	Passive Growth Portfolio*	Passive Moderate Growth Portfolio*	Passive Conservative Portfolio*	Passive Diversified Fixed Income Portfolio*	Total
INVESTMENT INCOME						
Interest Income	\$ —	—	—	97,291	—	97,291
Dividends from underlying funds	6,453,062	645,865	36,039	262,881	38,520	7,436,367
TOTAL INCOME	<u>6,453,062</u>	<u>645,865</u>	<u>36,039</u>	<u>360,172</u>	<u>38,520</u>	<u>7,533,658</u>
EXPENSES						
Direct Plan management fee	122,443	12,247	821	9,807	640	145,958
Investment management fee	122,443	12,247	821	9,807	640	145,958
TOTAL EXPENSES	<u>244,886</u>	<u>24,494</u>	<u>1,642</u>	<u>19,614</u>	<u>1,280</u>	<u>291,916</u>
NET INVESTMENT INCOME (LOSS)	<u>6,208,176</u>	<u>621,371</u>	<u>34,397</u>	<u>340,558</u>	<u>37,240</u>	<u>7,241,742</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Net realized gain (loss) on investments in underlying fund shares	(6,002,234)	(407,283)	1,442	(86,115)	1,958	(6,492,232)
Realized gain distributions from underlying mutual funds	1,205	2,626	115	3,478	164	7,588
Net realized gain (loss) on total investments	<u>(6,001,029)</u>	<u>(404,657)</u>	<u>1,557</u>	<u>(82,637)</u>	<u>2,122</u>	<u>(6,484,644)</u>
Net change in unrealized appreciation						
(depreciation) on investments in underlying fund shares	24,897,895	1,912,712	92,548	286,787	35,050	27,224,992
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>18,896,866</u>	<u>1,508,055</u>	<u>94,105</u>	<u>204,150</u>	<u>37,172</u>	<u>20,740,348</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 25,105,042</u>	<u>2,129,426</u>	<u>128,502</u>	<u>544,708</u>	<u>74,412</u>	<u>27,982,090</u>

* The Portfolio commenced operations on November 7, 2011.

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ScholarShare College Savings Plan
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	Index International Equity Portfolio*	Social Choice Portfolio*	Index Bond Portfolio*	Index U.S. Large Cap Equity Portfolio*	Index U.S. Equity Portfolio*	Principal Plus Interest Portfolio*	Total
INVESTMENT INCOME							
Interest Income	\$ —	—	—	—	—	2,444,784	2,444,784
Dividends from underlying funds	1,715,675	1,111,529	487,127	1,065,258	853,370	—	5,232,959
TOTAL INCOME	1,715,675	1,111,529	487,127	1,065,258	853,370	2,444,784	7,677,743
EXPENSES							
Direct Plan management fee	20,427	22,175	11,957	22,139	22,309	—	99,007
Investment management fee	20,427	22,175	11,957	22,139	22,309	—	99,007
TOTAL EXPENSES	40,854	44,350	23,914	44,278	44,618	—	198,014
NET INVESTMENT INCOME (LOSS)	1,674,821	1,067,179	463,213	1,020,980	808,752	2,444,784	7,479,729
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	(2,865,130)	(114,103)	(136,092)	107,490	(120,324)	—	(3,128,159)
Realized gain distributions from underlying mutual funds	704	—	—	234,961	—	—	235,665
Net realized gain (loss) on total investments	(2,864,426)	(114,103)	(136,092)	342,451	(120,324)	—	(2,892,494)
Net change in unrealized appreciation							
(depreciation) on investments in underlying fund shares	686,517	2,786,984	667,692	4,423,615	5,061,718	—	13,626,526
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	(2,177,909)	2,672,881	531,600	4,766,066	4,941,394	—	10,734,032
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (503,088)	3,740,060	994,813	5,787,046	5,750,146	2,444,784	18,213,761

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

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ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Changes in Net Assets
For the Period Ended June 30, 2012

Active Age-Based Portfolio

	Ages 0-4*	Ages 5-8*	Ages 9-10*	Ages 11-12*	Ages 13-14*	Age 15*	Age 16*
FROM OPERATIONS							
Net investment income (loss)	\$ 2,187,391	2,977,874	1,392,739	1,571,539	1,768,540	868,460	840,716
Net realized gain (loss) on investments	1,370,719	422,809	165,260	308,186	234,800	137,384	149,207
Net change in unrealized appreciation (depreciation) on total investments	2,543,387	4,029,666	1,581,668	1,685,909	1,728,383	751,096	703,599
NET INCREASE (DECREASE) FROM OPERATIONS	6,101,497	7,430,349	3,139,667	3,565,634	3,731,723	1,756,940	1,693,522
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	168,944,567	214,684,374	99,956,766	99,951,207	106,072,423	64,615,683	64,457,394
Redemptions	(46,264,314)	(31,798,540)	(24,966,193)	(27,580,204)	(28,460,501)	(25,604,978)	(26,180,933)
NET INCREASE (DECREASE) FROM TRANSACTIONS	122,680,253	182,885,834	74,990,573	72,371,003	77,611,922	39,010,705	38,276,461
NET INCREASE (DECREASE) IN NET ASSETS	128,781,750	190,316,183	78,130,240	75,936,637	81,343,645	40,767,645	39,969,983
NET ASSETS							
Beginning of period	—	—	—	—	—	—	—
End of period	\$ 128,781,750	190,316,183	78,130,240	75,936,637	81,343,645	40,767,645	39,969,983
UNITS							
Sold	16,599,275	21,016,503	9,763,704	9,794,482	10,396,903	6,326,452	6,333,923
Redeemed	(4,428,108)	(3,042,518)	(2,390,920)	(2,632,879)	(2,731,491)	(2,466,018)	(2,529,507)
NET INCREASE (DECREASE)	12,171,167	17,973,985	7,372,784	7,161,603	7,665,412	3,860,434	3,804,416

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

<u>Age 17^a</u>	<u>Ages 18 & Over^a</u>	<u>Total</u>
706,699	1,107,402	13,421,360
94,467	115,546	2,998,378
<u>568,539</u>	<u>809,662</u>	<u>14,401,909</u>
<u>1,369,705</u>	<u>2,032,610</u>	<u>30,821,647</u>
65,680,097	100,820,983	985,183,494
<u>(26,640,979)</u>	<u>(17,967,876)</u>	<u>(255,464,518)</u>
<u>39,039,118</u>	<u>82,853,107</u>	<u>729,718,976</u>
40,408,823	84,885,717	760,540,623
<u>—</u>	<u>—</u>	<u>—</u>
<u>40,408,823</u>	<u>84,885,717</u>	<u>760,540,623</u>
6,471,148	9,986,603	96,688,993
<u>(2,594,141)</u>	<u>(1,776,592)</u>	<u>(24,592,174)</u>
<u>3,877,007</u>	<u>8,210,011</u>	<u>72,096,819</u>

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Changes in Net Assets
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Passive Age-Based Portfolio

	Ages 0-4*	Ages 5-8*	Ages 9-10*	Ages 11-12*	Ages 13-14*	Age 15*	Age 16*
FROM OPERATIONS							
Net investment income (loss)	\$ 2,158,586	7,321,371	5,830,041	5,816,448	5,262,705	2,355,890	2,070,414
Net realized gain (loss) on investments	(283,503)	(2,975,028)	(3,965,916)	(3,874,996)	(3,186,417)	(1,236,151)	(967,177)
Net change in unrealized appreciation (depreciation) on total	6,192,394	20,842,316	16,877,232	15,343,689	12,308,893	4,840,765	3,854,121
NET INCREASE (DECREASE) FROM OPERATIONS	8,067,477	25,188,659	18,741,357	17,285,141	14,385,181	5,960,504	4,957,358
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	154,420,239	506,454,678	469,195,180	472,354,684	428,111,363	252,252,856	238,360,466
Redemptions	(42,841,914)	(123,853,788)	(125,887,407)	(116,510,994)	(107,993,188)	(97,469,486)	(94,997,366)
NET INCREASE (DECREASE) FROM TRANSACTIONS	111,578,325	382,600,890	343,307,773	355,843,690	320,118,175	154,783,370	143,363,100
NET INCREASE (DECREASE) IN NET ASSETS	119,645,802	407,789,549	362,049,130	373,128,831	334,503,356	160,743,874	148,320,458
NET ASSETS							
Beginning of period	---	---	---	---	---	---	---
End of period	\$ 119,645,802	407,789,549	362,049,130	373,128,831	334,503,356	160,743,874	148,320,458
UNITS							
Sold	15,357,610	50,393,342	46,419,904	46,757,035	42,426,449	24,942,414	23,603,160
Redeemed	(4,094,283)	(11,861,645)	(12,084,413)	(11,236,810)	(10,463,370)	(9,487,020)	(9,281,801)
NET INCREASE (DECREASE)	11,263,327	38,531,697	34,335,491	35,520,225	31,963,079	15,455,394	14,321,359

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

<u>Age 17^a</u>	<u>Ages 18 & Over^a</u>	<u>Total</u>
1,755,887	4,002,534	36,573,876
(732,289)	(1,425,493)	(18,646,970)
<u>3,027,741</u>	<u>5,639,480</u>	<u>88,926,631</u>
<u>4,051,339</u>	<u>8,216,521</u>	<u>106,853,537</u>
231,168,768	461,858,650	3,214,176,884
(91,745,521)	(76,987,804)	(878,287,468)
<u>139,423,247</u>	<u>384,870,846</u>	<u>2,335,889,416</u>
143,474,586	393,087,367	2,442,742,953
—	—	—
<u>143,474,586</u>	<u>393,087,367</u>	<u>2,442,742,953</u>
22,924,842	46,023,553	318,848,309
(8,993,893)	(7,645,090)	(85,148,325)
<u>13,930,949</u>	<u>38,378,463</u>	<u>233,699,984</u>

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Changes in Net Assets
For the Period Ended June 30, 2012

	Active Diversified Equity Portfolio*	Active Growth Portfolio*	Active Moderate Growth Portfolio*	Active Conservative Portfolio*	Active International Equity Portfolio*	Active Diversified Fixed Income Portfolio*	Total
FROM OPERATIONS							
Net investment income (loss)	\$ 965,238	759,968	66,622	525,402	90,520	125,839	2,533,589
Net realized gain (loss) on investments	145,698	149,906	6,787	50,449	25,502	25,535	403,877
Net change in unrealized							
appreciation (depreciation) on total investments	2,445,134	1,135,508	116,859	293,773	(471,140)	178,794	3,698,928
NET INCREASE (DECREASE) FROM OPERATIONS	3,556,070	2,045,382	190,268	869,624	(355,118)	330,168	6,636,394
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	87,416,410	49,006,127	4,776,518	30,578,760	7,115,260	11,817,544	190,710,619
Redemptions	(9,495,729)	(6,966,062)	(242,188)	(5,258,475)	(807,630)	(1,819,474)	(24,589,558)
NET INCREASE (DECREASE) FROM TRANSACTIONS	77,920,681	42,040,065	4,534,330	25,320,285	6,307,630	9,998,070	166,121,061
NET INCREASE (DECREASE) IN NET ASSETS	81,476,751	44,085,447	4,724,598	26,189,909	5,952,512	10,328,238	172,757,455
NET ASSETS							
Beginning of period	—	—	—	—	—	—	—
End of period	\$ 81,476,751	44,085,447	4,724,598	26,189,909	5,952,512	10,328,238	172,757,455
UNITS							
Sold	8,645,610	4,842,193	463,535	3,052,753	663,616	1,144,269	18,811,976
Redeemed	(933,227)	(677,993)	(22,970)	(522,038)	(77,683)	(173,847)	(2,407,758)
NET INCREASE (DECREASE)	7,712,383	4,164,200	440,565	2,530,715	585,933	970,422	16,404,218

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Changes in Net Assets
For the Period Ended June 30, 2012

	Passive Diversified Equity Portfolio*	Passive Growth Portfolio*	Passive Moderate Growth Portfolio*	Passive Conservative Portfolio*	Passive Diversified Fixed Income Portfolio*	Total
FROM OPERATIONS						
Net investment income (loss)	\$ 6,208,176	621,371	34,397	340,558	37,240	7,241,742
Net realized gain (loss) on investments	(6,001,029)	(404,657)	1,557	(82,637)	2,122	(6,484,644)
Net change in unrealized appreciation (depreciation) on total investments	24,897,895	1,912,712	92,548	286,787	35,050	27,224,992
NET INCREASE (DECREASE) FROM OPERATIONS	25,105,042	2,129,426	128,502	544,708	74,412	27,982,090
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	392,577,129	44,361,854	4,212,002	35,280,050	3,476,263	479,907,298
Redemptions	(35,169,913)	(7,090,324)	(92,368)	(5,338,559)	(385,589)	(48,076,753)
NET INCREASE (DECREASE) FROM TRANSACTIONS	357,407,216	37,271,530	4,119,634	29,941,491	3,090,674	431,830,545
NET INCREASE (DECREASE) IN NET ASSETS	382,512,258	39,400,956	4,248,136	30,486,199	3,165,086	459,812,635
NET ASSETS						
Beginning of period	—	—	—	—	—	—
End of period	\$ 382,512,258	39,400,956	4,248,136	30,486,199	3,165,086	459,812,635
UNITS						
Sold	39,178,359	4,417,805	415,691	3,525,757	343,607	47,881,219
Redeemed	(3,437,897)	(695,057)	(8,880)	(531,870)	(37,783)	(4,711,487)
NET INCREASE (DECREASE)	35,740,462	3,722,748	406,811	2,993,887	305,824	43,169,732

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Statements of Changes in Net Assets
For the Period Ended June 30, 2012

	Index International Equity Portfolio*	Social Choice Portfolio*	Index Bond Portfolio*	Index U.S. Large Cap Equity Portfolio*	Index U.S. Equity Portfolio*	Principal Plus Interest Portfolio*	Total
FROM OPERATIONS							
Net investment income (loss)	\$ 1,674,821	1,067,179	463,213	1,020,980	808,752	2,444,784	7,479,729
Net realized gain (loss) on investments	(2,864,426)	(114,103)	(136,092)	342,451	(120,324)	—	(2,892,494)
Net change in unrealized appreciation (depreciation) on total investments	686,517	2,786,984	667,692	4,423,615	5,061,718	—	13,626,526
NET INCREASE (DECREASE) FROM OPERATIONS	(503,088)	3,740,060	994,813	5,787,046	5,750,146	2,444,784	18,213,761
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	71,647,647	70,238,927	43,686,551	84,037,106	79,743,197	286,781,200	636,134,628
Redemptions	(9,150,114)	(4,909,292)	(6,183,135)	(9,248,144)	(9,213,139)	(34,414,816)	(73,118,640)
NET INCREASE (DECREASE) FROM TRANSACTIONS	62,497,533	65,329,635	37,503,416	74,788,962	70,530,058	252,366,384	563,015,988
NET INCREASE (DECREASE) IN NET ASSETS	61,994,445	69,069,695	38,498,229	80,576,008	76,280,204	254,811,168	581,229,749
NET ASSETS							
Beginning of period	—	—	—	—	—	—	—
End of period	\$ 61,994,445	69,069,695	38,498,229	80,576,008	76,280,204	254,811,168	581,229,749
UNITS							
Sold	7,164,167	7,005,179	4,362,161	8,181,729	7,847,485	28,661,832	63,222,553
Redeemed	(927,935)	(473,720)	(614,124)	(873,806)	(882,888)	(3,427,544)	(7,200,017)
NET INCREASE (DECREASE)	6,236,232	6,531,459	3,748,037	7,307,923	6,964,597	25,234,288	56,022,536

* The Portfolio commenced operations on November 7, 2011.

See notes to financial statements

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ScholarShare College Savings Plan
 Direct-Sold Plan
 Financial Highlights
 For the Period Ended June 30, 2012

Active Age-Based Portfolio

	Ages 0-4*	Ages 5-8*	Ages 9-10*	Ages 11-12*	Ages 13-14*	Age 15*	Age 16*
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD							
Net asset value, beginning of period	\$ 10.00	10.00	10.00	10.00	10.00	10.00	10.00
Gain (loss) from investment operations:							
Net investment income(a)	0.18	0.20	0.22	0.24	0.26	0.26	0.24
Net realized and unrealized gain on investments	0.40	0.39	0.38	0.36	0.35	0.30	0.27
Total gain from investment operations	0.58	0.59	0.60	0.60	0.61	0.56	0.51
Net asset value, end of period	\$ 10.58	10.59	10.60	10.60	10.61	10.56	10.51
TOTAL RETURN(b)	5.80%	5.90%	6.00%	6.00%	6.10%	5.60%	5.10%
RATIOS AND SUPPLEMENTAL DATA							
Net assets at end of period (in thousands)	\$ 128,782	190,316	78,130	75,937	81,344	40,768	39,970
Ratio of expenses to average net assets(c)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net assets(c)	2.66%	2.92%	3.28%	3.60%	3.94%	3.83%	3.59%

* The Portfolio commenced operations on November 7, 2011.

(a) Based on average units outstanding.

(b) The percentage shown for this period is not annualized.

(c) The percentages shown for this period are annualized

See notes to financial statements

<u>Age 17*</u>	<u>Ages 18 & Over*</u>
10.00	10.00
0.21	0.17
<u>0.21</u>	<u>0.17</u>
0.42	0.34
<u>10.42</u>	<u>10.34</u>
<u>4.20%</u>	<u>3.40%</u>
40,409	84,886
0.10%	0.10%
3.12%	2.61%

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Financial Highlights
For the Period Ended June 30, 2012

Passive Age-Based Portfolio

	Ages 0-4*	Ages 5-8*	Ages 9-10*	Ages 11-12*	Ages 13-14*	Age 15*	Age 16*
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD							
Net asset value, beginning of period	\$ 10.00	10.00	10.00	10.00	10.00	10.00	10.00
Gain (loss) from investment operations:							
Net investment income(a)	0.17	0.17	0.17	0.17	0.17	0.16	0.15
Net realized and unrealized gain on investments	0.45	0.41	0.37	0.33	0.30	0.24	0.21
Total gain from investment operations	0.62	0.58	0.54	0.50	0.47	0.40	0.36
Net asset value, end of period	\$ 10.62	10.58	10.54	10.50	10.47	10.40	10.36
TOTAL RETURN(b)	6.20%	5.80%	5.40%	5.00%	4.70%	4.00%	3.60%
RATIOS AND SUPPLEMENTAL DATA							
Net assets at end of period (in thousands)	\$ 119,646	407,790	362,049	373,129	334,503	160,744	148,320
Ratio of expenses to average net assets(c)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net assets(c)	2.59%	2.60%	2.54%	2.54%	2.55%	2.40%	2.23%

* The Portfolio commenced operations on November 7, 2011.

(a) Based on average units outstanding.

(b) The percentage shown for this period is not annualized.

(c) The percentages shown for this period are annualized

See notes to financial statements

Age 17*	Ages 18 & Over*
10.00	10.00
0.13	0.11
0.17	0.13
0.30	0.24
10.30	10.24
3.00%	2.40%

143,475	393,087
0.10%	0.10%
1.99%	1.76%

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Financial Highlights
For the Period Ended June 30, 2012

	Active Diversified Equity Portfolio*	Active Growth Portfolio*	Active Moderate Growth Portfolio*	Active Conservative Portfolio*	Active International Equity Portfolio*	Active Diversified Fixed Income Portfolio*
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD						
Net asset value, beginning of period	\$ 10.00	10.00	10.00	10.00	10.00	10.00
Gain (loss) from investment operations:						
Net investment income(a)	0.13	0.20	0.24	0.21	0.31	0.29
Net realized and unrealized gain (loss) on investments	0.43	0.39	0.48	0.14	(0.15)	0.35
Total gain from investment operations	0.56	0.59	0.72	0.35	0.16	0.64
Net asset value, end of period	\$ 10.56	10.59	10.72	10.35	10.16	10.64
TOTAL RETURN(b)	5.60%	5.90%	7.20%	3.50%	1.60%	6.40%
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 81,477	44,085	4,725	26,190	5,953	10,328
Ratio of expenses to average net assets(c)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net assets(c)	1.99%	2.97%	3.51%	3.17%	4.67%	4.22%

* The Portfolio commenced operations on November 7, 2011.

(a) Based on average units outstanding.

(b) The percentage shown for this period is not annualized.

(c) The percentages shown for this period are annualized

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Financial Highlights
For the Period Ended June 30, 2012

	Passive Diversified Equity Portfolio*	Passive Growth Portfolio*	Passive Moderate Growth Portfolio*	Passive Conservative Portfolio*	Passive Diversified Fixed Income Portfolio*
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD					
Net asset value, beginning of period	\$ 10.00	10.00	10.00	10.00	10.00
Gain (loss) from investment operations:					
Net investment income(a)	0.17	0.17	0.14	0.11	0.19
Net realized and unrealized gain on investments	0.53	0.41	0.30	0.07	0.16
Total gain from investment operations	0.70	0.58	0.44	0.18	0.35
Net asset value, end of period	\$ 10.70	10.58	10.44	10.18	10.35
TOTAL RETURN(b)	7.00%	5.80%	4.40%	1.80%	3.50%
RATIOS AND SUPPLEMENTAL DATA					
Net assets at end of period (in thousands)	\$ 382,512	39,401	4,248	30,486	3,165
Ratio of expenses to average net assets(c)	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net assets(c)	2.56%	2.56%	2.08%	1.75%	2.88%

See notes to financial statements

ScholarShare College Savings Plan
Direct-Sold Plan
Financial Highlights
For the Period Ended June 30, 2012

	Index International Equity Portfolio*	Social Choice Portfolio*	Index Bond Portfolio*	Index U.S. Large Cap Equity Portfolio*	Index U.S. Equity Portfolio*	Principal Plus Interest Portfolio*
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD						
Net asset value, beginning of period	\$ 10.00	10.00	10.00	10.00	10.00	10.00
Gain (loss) from investment operations:						
Net investment income(a)	0.27	0.16	0.13	0.16	0.13	0.10
Net realized and unrealized gain (loss) on investments	(0.33)	0.41	0.14	0.87	0.82	—
Total gain from investment operations	(0.06)	0.57	0.27	1.03	0.95	0.10
Net asset value, end of period	\$ 9.94	10.57	10.27	11.03	10.95	10.10
TOTAL RETURN(b)	(0.60)%	5.70%	2.70%	10.30%	9.50%	1.00%
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 61,994	69,070	38,498	80,576	76,280	254,811
Ratio of expenses to average net assets(c)	0.10%	0.10%	0.10%	0.10%	0.10%	0.00%
Ratio of net investment income to average net assets(c)	4.14%	2.43%	1.95%	2.32%	1.83%	1.50%

* The Portfolio commenced operations on November 7, 2011.

(a) Based on average units outstanding.

(b) The percentage shown for this period is not annualized.

(c) The percentages shown for this period are annualized

See notes to financial statements

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**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Organization and Significant Accounting Policies

The State of California created a higher education qualified tuition savings program ("Program") to help people save for the costs of higher education. The Scholarshare College Savings Plan Direct-sold Plan (the "Direct Plan") was implemented and is administered as part of the Program by the ScholarShare Investment Board ("Board") as trustee of the Golden State ScholarShare College Savings Trust. The Board has the authority to enter into contracts for Direct Plan management services, adopt regulations for the administration of the Direct Plan and establish investment policies for the Direct Plan. TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly owned subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Board have entered into a Management Agreement under which TFI serves as Direct Plan manager. TFI became the Direct Plan manager on November 7, 2011. The financial statements are for the period November 7, 2011 to June 30, 2012. The Direct Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code ("Code") and was established by the statute that created the Program, codified at sections 69980 to 69994 of the California Education Code and regulations promulgated thereunder, as amended. Investment options ("Options") and allocations, as approved by the Board, are described in the current Disclosure Booklet for the Direct Plan.

The assets in the Principal Plus Interest Portfolio are allocated to a funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company ("TIAA-CREF Life"), a subsidiary of TIAA. A portion of the assets in the Active Age-Based Portfolio, Passive Age-Based Portfolio, Active Conservative Portfolio, and the Passive Conservative Portfolio are allocated to a separate Funding Agreement. The Funding Agreements provide to the Board a return of principal plus a guaranteed minimum rate of interest and provides the opportunity for additional interest as may be declared periodically by TIAA-CREF Life.

Teachers Advisors, Inc. ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which may require the use of estimates made by management and the evaluation of subsequent events through September 28, 2012. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Direct Plan.

Investment valuation: All investments are recorded at their estimated fair value as described in the valuation of investments note to the financial statements.

Investments and investment income: Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying mutual funds are recorded on the ex-dividend date. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been made. The Direct Plan is designed to constitute a qualified tuition program under Section 529 of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner in the Options are represented by Direct Plan units. Subscriptions and redemptions are recorded upon receipt of account owner's instructions in good order, based on the next determined net asset value per unit ("Unit Value"). Unit Values for each Option are determined at the close of business of the New York Stock Exchange. There are no distributions of net investment gains or net investment income to the Option's account owners or beneficiaries.

New accounting pronouncement: In May 2011, FASB adopted Accounting Standards Update ("ASU") No. 2011-04, Fair Value Measurement (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The ASU converges the guidance of both entities on fair value measurements and disclosures. ASU 2011-04 requires additional disclosures around transfers between levels as well as expanded disclosure for securities categorized as Level 3 under the fair value hierarchy. The ASU applies to interim or annual periods beginning after December 15, 2011. Management is currently evaluating the impact of the update's adoption on the Direct Plan's financial statement disclosures.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS (continued)**

Note 2 – Valuation of Investments

Investments are valued at fair value utilizing various valuation methods. U.S. GAAP establishes a hierarchy that prioritizes market inputs to valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Direct Plan's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Direct Plan's major categories of assets and liabilities measured at fair value follows:

Investments in registered investment companies: These investments are valued at their net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Funding Agreements: The TIAA-CREF Life Funding Agreements, to which the Principal Plus Interest Portfolio is allocated and to which a portion of the Active Age-Based Portfolio, Passive Age-Based Portfolio, Active Conservative Portfolio and the Passive Conservative Portfolio are allocated, are carried at the principal contributed and earnings credited less any redemptions, which approximates fair value. The carrying value approximates fair value determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of TIAA-CREF Life. The Funding Agreements have a floating rate of interest that resets annually based on a projected rate of return. The Funding Agreements are categorized in Level 3 of the fair value hierarchy.

Transfers between levels are recognized at the end of the reporting period. As of June 30, 2012, there were no transfers between levels by the Direct Plan portfolios.

As of June 30, 2012, all of the investments in the Active Diversified Equity Portfolio, Active Growth Portfolio, Active Moderate Growth Portfolio, Active International Equity Portfolio, Active Diversified Fixed Income Portfolio, Passive Diversified Equity Portfolio, Passive Growth Portfolio, Passive Moderate Growth Portfolio, Passive Diversified Fixed Income Portfolio, Index International Equity Portfolio, Social Choice Portfolio, Index Bond Portfolio, Index U.S. Large Cap Equity Portfolio, and the Index U.S. Equity Portfolio, were valued based on Level 1 inputs.

As of June 30, 2012, all investments, excluding investments in the Funding Agreements, in the Active Age-Based Portfolio, Passive Age-Based Portfolio, Active Conservative Portfolio, and the Passive Conservative Portfolio, were valued based on Level 1 inputs. The investments in the Funding Agreement were valued based on Level 3 inputs.

As of June 30, 2012, all investments in the Principal Plus Interest Portfolio were valued based on Level 3 inputs.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

	TIAA-CREF Life Insurance Company – Funding Agreements										Principal Plus Interest
	Active Age 15	Active Age 16	Active Age 17	Active Ages 18 & Over	Passive Age 15	Passive Age 16	Passive Age 17	Passive Ages 18 & Over	Active Conservative	Passive Conservative	
Balance as of 11/07/11	-	-	-	-	-	-	-	-	-	-	-
Realized Gain/Loss	-	-	-	-	-	-	-	-	-	-	-
Change in Unrealized Appreciation/Depreciation	-	-	-	-	-	-	-	-	-	-	-
Interest Income	\$22,295	46,073	78,480	210,744	96,817	183,954	305,838	1,136,181	82,174	97,291	2,444,784
Gross Purchases	\$4,190,545	8,335,572	14,951,089	46,950,835	15,777,973	29,781,754	50,927,179	219,733,346	14,271,995	16,219,160	263,080,580
Gross Sales	\$(291,429)	(684,334)	(1,294,289)	(5,542,765)	(308,331)	(1,125,662)	(2,159,343)	(27,400,297)	(1,619,940)	(1,257,009)	(10,714,196)
Balance as of 06/30/12	\$3,921,411	7,697,311	13,735,280	41,618,814	15,566,459	28,840,046	49,073,674	193,469,230	12,734,229	15,059,442	254,811,168

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS (continued)**

Note 3 – Direct Plan Fees and Underlying Fund Expenses

For its services as Direct Plan manager, TFI is paid an annual aggregate Direct Plan management fee of 0.05% of the average daily net assets of each investment portfolio in the Direct Plan (with the exception of the Principal Plus Interest Portfolio). In addition, Advisors is paid investment management fees on the underlying investments in the TIAA-CREF Funds.

For its services administering the Direct Plan, each investment portfolio (with the exception of the Principal Plus Interest Portfolio) pays to the Board an administrative fee at an annual rate of 0.05% of the average daily net assets of the investment portfolio.

No fee is charged on the assets invested in the Principal Plus Interest Portfolio; however, a fee is paid to TFI by TIAA-CREF Life. TIAA-CREF Life also pays the Board a fee equal to 0.05% of the average daily net assets held by the Principal Plus Interest Portfolio, to compensate the Board for the services it provides to this Investment Portfolio.

For the period ended June 30, 2012, TFI received total Direct Plan management fees of \$1,283,381. Total underlying fund fee expenses for the TIAA-CREF Funds during the period were \$5,086,290. The Direct Plan management fees charged to each investment portfolio are disclosed in the Statements of Operations.

Note 4 – Investments

As of June 30, 2012, net unrealized appreciation (depreciation) of portfolio investments was \$147,878,986 consisting of gross unrealized appreciation of \$155,388,707 and gross unrealized depreciation of \$7,509,721.

An account owner has an investment in an Option and not a direct investment in any underlying mutual fund or other investment vehicle.

As of June 30, 2012, the Direct Plan's investments consist of the following:

	<u>UNITS</u>	<u>COST</u>	<u>MARKET VALUE</u>
TIAA-CREF Funds (Institutional Class):			
Bond Index Fund	72,257,602	\$775,952,999	\$789,775,590
Emerging Markets Equity Index Fund	9,673,951	95,423,097	94,611,241
Equity Index Fund	102,044,494	980,284,285	1,059,221,854
High-Yield Fund	11,046,775	106,649,347	110,688,687
Inflation-Linked Bond Fund	17,534,096	212,238,125	214,968,012
International Equity Index Fund	26,785,299	385,440,119	391,601,068
Real Estate Securities Fund	12,748,004	133,900,702	156,290,524
S&P 500 Index Fund	5,236,770	76,117,902	80,541,517
Small-Cap Equity Fund	2,245,750	31,764,161	32,204,061
Social Choice Equity Fund	6,150,884	66,287,448	69,074,433
Other Non-Proprietary Funds:			
DFA Emerging Markets Core Equity Portfolio	1,631,399	30,899,257	29,397,813
DFA Large Cap International Portfolio	7,034,342	125,408,168	120,216,911
PIMCO Income Institutional Fund	6,056,916	67,528,895	69,351,687
PIMCO Real Return Institutional Fund	5,467,463	66,772,287	67,140,442
PIMCO Total Return Institutional Fund	14,997,663	164,615,548	169,473,591
T. Rowe Price Institutional Floating Rate Fund	3,311,130	33,187,579	33,243,740
T. Rowe Price Institutional Large-Cap Growth Fund	8,072,729	139,423,286	145,066,945
T. Rowe Price Institutional Large-Cap Value Fund	11,322,525	141,081,328	147,985,403
TIAA-CREF Life Insurance Company:			
Funding Agreements	636,527,064	636,527,064	636,527,064
		<u>\$4,269,501,597</u>	<u>\$4,417,380,583</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS (concluded)**

Note 5 – Subscriptions from previous Plan Manager and Plan Liquidation

Subscriptions in the Statements of Changes in Net Assets include assets from the previous plan manager which was transferred on November 7, 2011 and assets from the ScholarShare Advisor College Savings Plan (“Advisor Plan”), which was liquidated on March 24, 2012 and re-invested as cash in the Direct Plan. The Advisor Plan was part of the Program and administered by the Board. The following are the Options impacted and assets transferred:

Option	Assets transferred to the Direct Plan from the previous plan manager on November 7, 2011	Assets transferred from the Advisor Plan on March 24, 2012
Active Ages 0-4	\$ 117,047,722	\$ 24,326,540
Active Ages 5-8	130,524,978	29,832,936
Active Ages 9-10	55,941,987	14,507,314
Active Ages 11-12	57,570,115	12,864,038
Active Ages 13-14	60,744,072	13,399,161
Active Age 15	30,045,235	7,552,479
Active Age 16	32,053,185	6,618,990
Active Age 17	32,491,374	6,089,283
Active Ages 18 & Over	59,162,053	11,385,699
Passive Ages 0-4	126,503,839	-
Passive Ages 5-8	436,642,444	-
Passive Ages 9-10	341,210,638	-
Passive Ages 11-12	337,430,338	-
Passive Ages 13-14	304,709,296	-
Passive Age 15	145,892,087	-
Passive Age 16	137,138,039	-
Passive Age 17	132,663,931	-
Passive Ages 18 & Over	355,429,382	-
Active Diversified Equity Portfolio	69,164,683	5,107,236
Active Growth Portfolio	34,167,154	4,613,767
Active Conservative Portfolio	26,171,564	-
Active International Equity Portfolio	-	4,686,697
Active Diversified Fixed Income Portfolio	-	8,590,982
Passive Diversified Equity Portfolio	369,835,821	-
Passive Growth Portfolio	35,709,524	-
Passive Conservative Portfolio	29,153,157	-
Index International Equity Portfolio	65,028,061	-
Social Choice Portfolio	65,172,094	-
Index Bond Portfolio	35,185,552	2,172,055
Index U.S. Large Cap Equity Portfolio	54,562,865	12,255,655
Index U.S. Equity Portfolio	60,774,030	5,320,974
Principal Plus Interest Portfolio	248,738,191	4,780,307
Total subscriptions from transfers	\$ 3,986,863,411	\$ 174,104,113